

Message Text

UNCLASSIFIED

PAGE 01 CANBER 02195 230859Z
ACTION EB-08

INFO OCT-01 EA-12 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 FRB-01 H-02 INR-10 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 USIA-15 SP-02 SOE-02 OMB-01 DOE-15
CCO-00 PASO-00 /131 W
-----099542 232006Z /72

R 230659Z MAR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 2787
INFO USDOC WASHDC
USMISSION GENEVA

UNCLAS CANBERRA 2195

MTN

ALSO FOR STATE EB/OT/TA

E.O. 11652: N/A
TAGS: EGEN, ETRD, AS
SUBJ: POSSIBLE RESTRICTIONS ON AUSTRALIAN TIMBER IMPORTS

REF: A. CANBERRA 2062

TO: MR. EDWARD SUTTELL
PATRICK LUMBER COMPANY
P.O. BOX 4726
PORTLAND, OREGON
TELEX 360336

REFERENCE: CANBERRA 298

1. SUBSTANCE OF DRAFT REPORT OF INDUSTRIES ASSISTANCE
COMMISSION (IAC) ON TIMBER AND TIMBER PRODUCTS AND PLYWOOD
AND VENEER IS AS DESCRIBED REFTEL.
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CANBER 02195 230859Z

2. REPORT IN NUMEROUS PLACES STATES THAT IMPORTS ARE NOT
A MAJOR FACTOR IN THEIR EFFECT ON LOCAL MARKET. HOWEVER,
THERE IS A GREAT RANGE OF DUTY RATES, AND IAC CONCLUDES
THAT THERE IS NO ECONOMIC LOGIC FOR THIS. ACCORDINGLY IT
RECOMMENDS A COMMON 15 PERCENT DUTY RATE FOR SAWN AND DRESSED
TIMBER, VENEER, AND MANUFACTURED ARTICLES OF WOOD, WHICH

TOGETHER COUNT FOR ABOUT 90 PERCENT OF EMPLOYMENT IN THE INDUSTRY UNDER REFERENCE. THOUGH THIS WOULD REDUCE PREFERENCE FOR SOME PRODUCTS, IT WOULD INCREASE NOMINAL RATE OF DUTY FOR BULK OF GOODS AND WOULD "INCREASE SIGNIFICANTLY" THE GENERAL LEVEL OF ASSISTANCE FOR SAWN TIMBER. THUS, TOTAL LEVELS OF EMPLOYMENT AND ACTIVITY IN THE INDUSTRY WOULD NOT BE REDUCED AND MIGHT WELL BE INCREASED.

3. IN OTHER WORDS, IN ORDER TO MAKE A REDUCTION IN ASSISTANCE FOR SOME ELEMENTS OF THE INDUSTRY PALATABLE, PROTECTION WILL BE INCREASED FOR OTHER PRODUCTS, THOUGH THERE IS NO OTHER ECONOMIC RATIONALE FOR DOING SO.

4. FOLLOWING UNEQUIVOCAL STATEMENT APPEARS IN REPORT:
"WITH THE POSSIBLE EXCEPTION OF MOUNLINGS, THE LOCAL PRODUCERS OF SAWN AND DRESSED TIMBERS APPEAR TO SUFFER NO SIGNIFICANT PRICE DISADVANTAGES AGAINST IMPORTS. ON THE INFORMATION AVAILABLE, WHEN COMPARISONS ARE MADE BETWEEN EX FACTORY PRICES AND THE LANDED DUTY FREE PRICES, VIRTUALLY ALL IMPORTED COMPETITIVE TIMBERS ARE HIGHER IN PRICE THAN THE LOCAL PRODUCTS. COMPETITION WHERE IT EXISTS, APPEARS TO RESULT LARGELY FROM QUALITY OR TECHNICAL CONSIDERATIONS."

5. REPORT IS WEAK ON ANALYSIS OF SUPPLY AND DEMAND TRENDS AND ON ELASTICITIES. HOWEVER, GENERAL PICTURE IS THAT MOST OF AUSTRALIA'S 43 MILLION HECTARES OF FOREST IS NATIVE HARDWOOD,
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CANBER 02195 230859Z

SLOW-GROWING AND FREQUENTLY OF POOR QUALITY. ABOUT 600,000 HECTARES OF SOFTWOOD (RADIATA PINE) HAVE BEEN PLANTED, AND ONE ESTIMATE IS THAT BY YEAR 2020 THERE WILL BE 2.15 MILLION HECTARES OF SOFTWOOD PRODUCING 60 PERCENT OF TIMBER REQUIRMENTS. BECAUSE OF SLOW GROWTH RATES, HEARDWOOD PRODUCTION WILL DECLINE FROM NEARLY 7 MILLION CUBIC METERS TO 4 MILLION.

6. ABOVE FIGURES WOULD SEEM TO IMPLY 6 MILLION CU.M. OF SOFTWOOD, AND TOTAL PRODUCTION OF 10 MILLION CU.M. THERE IS SOME SPECULATION IN REPORT THAT AUSTRALIA WOULD BE SELF-SUFFICIENT BY YEAR 2020.

7. TOTAL LOCAL MARKET FOR SAWN WOOD WAS ESTIMATED BY IAC AT 4.4 MILLION CU.M. IN FY 1976-77. ONE QUARTER WAS SUPPLIED BY IMPORTS. IAC CONCLUDES THAT PER CAPITA CONSUMPTION OF SAWN TIMBER LIKELY TO DECLINE.

8. EMBASSY WOULD SUGGEST THAT U.S. INDUSTRY INCLUDE IN ITS PRESENTATION ANY DATA WHICH WOULD DEMONSTRATE LIKELIHOOD THAT WOOD USAGE WOULD BE SUBSTANTIALLY GREATER WITHOUT DUTY INCREASE. AS A RENEWABLE RESOUC, SUBSTITUTION POSSIBILITIES OF WOOD ARE SCARCE, NON-RENEWABLE RESOURCES ARE PARTICULARLY

ATTRACTIVE. U.S. EXPERIENCE IN THIS REGARD WOULD BE RELEVANT TO WHAT WOULD LIKELY HAPPEN IN AUSTRALIA. EFFECT OF AUSTRALIAN DUTY ON U.S. EMPLOYMENT AND PRODUCTION SHOULD ALSO BE STRESSED, INASMUCH AS TRADE IS A TWO-WAY STREET, AND THIS IS A PRODUCT OF MAJOR INTEREST TO U.S. OBVIOUSLY, STRESS NEED NOT BE PLACED ON PROVING THAT IMPORTS ARE NOT ADVERSELY AFFECTING LOCAL INDUSTRY, SINCE THIS IS ALREADY ACKNOWLEDGED BY IAC. IT IS FACT THAT INCREASED DUTY WOULD BE HARMFUL TO AUSTRALIA'S OWN INTERESTS AS WELL AS THOSE OF U.S. INDUSTRY THAT NEEDS TO BE BROUGHT OUT.

AMERICAN EMBASSY
CANBERRA, AUSTRALIA.
ALSTON
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 CANBER 02195 230859Z

NOTE BY OC/T: PASSED ABOVE ADDRESSEE.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIMBER, TRADE PROTECTIONISM, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CANBER02195
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780128-1087
Format: TEL
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780334/aaaabcai.tel
Line Count: 138
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aa3d1fbf-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 CANBERRA 2062
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3229725
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE RESTRICTIONS ON AUSTRALIAN TIMBER IMPORTS
TAGS: EGEN, ETRD, AS
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/aa3d1fbf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014